

Volume No. 1 - Policies & Procedures	TOPIC NO.	50440
Function No. 50000 — Payroll Accounting	TOPIC	SAVINGS BONDS
Section No. 50400—Deductions	DATE	October 2004

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Overview

Introduction Employees paid on a semi-monthly or monthly basis may purchase SERIES EE and/or SERIES I U.S. Savings Bonds through post-tax payroll deduction. Deduction amounts may be equal to, larger than, or less than the purchase price of the Savings Bond. Employees are responsible for understanding the implications of bond ownership.

Bond Process As payrolls are processed the funds collected pursuant to Savings Bond payroll deductions are posted to a suspense account. When the amount deducted from an employee's pay causes the bond balance to equal or exceed the bond purchase price the funds and a tape listing the pertinent bond information is transferred to the Federal Reserve Bank. The Federal Reserve prints and mails Savings Bonds to the designated owner.

Series I Bonds Series I Bonds are sold at face value and grow in value with inflation-indexed earnings for up to 30 years. The minimum purchase amount is \$50; however, the employee can choose any amount to be deducted from their pay per pay period. Two deductions have been designated for Series I bond purchases as follows:

Deduction #	Deduction Name	Available Denominations
052	I-BOND1	"I" Bonds, \$50; \$75; \$100; \$200, \$500, \$1000 Face Value
053	I-BOND2	"I" Bonds, \$50; \$75; \$100; \$200, \$500, \$1000 Face Value

Series EE Bonds Series EE bonds are sold at one-half the face value of the bond. As this interest accrues, the value of the bond increases. The minimum purchase amount is \$50 per pay period; however, the employee can choose any amount to be withheld from their pay per pay period. Four deductions have been designated for Series EE bond purchases as follows:

Deduction #	Deduction Name	Available Denominations
054	EEBOND1	"EE" Bonds, \$100; \$200; \$500; \$1,000 Face Value
055	EEBOND2	"EE" Bonds, \$100; \$200; \$500; \$1,000 Face Value
056	EEBOND3	"EE" Bonds, \$100; \$200; \$500; \$1,000 Face Value
057	EEBOND4	"EE" Bonds, \$100; \$200; \$500; \$1,000 Face Value

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Bond Data Entry

Authorization To establish or change individual bond deduction amounts, employees must complete a Savings Bond Authorization Card. Savings Bond Authorization Cards are routinely revised but earlier versions may be used. Once the card is completed, it is submitted through normal procedures for processing by the agency payroll department. The payroll officer is responsible for:

- Reviewing the card for completeness.
- Beginning the deduction when directed.
- Filing the card for future reference and/or audit.

H0401, Bond Alternate Name Information

Upon receipt of the authorization card, access the H0401 and use the appropriate sub-command as discussed in CAPP Topic No. 50110, *CIPPS Navigation*.

The screenshot shows a terminal window titled "IRMA WorkStation: 3270 Terminal - [CAPP.EMU (A)]". The menu at the top includes File, Edit, Controls, Settings, Window, and Help. The main display shows the command prompt "> GUH" followed by "ON H0401". Below this is the sub-command menu "--BOND ALTERNATE NAME INFORMATION--". The options listed are: COMPANY--> 00000, EMPLOYEE NUMBER--> 0000000000, NAME NUMBER--> 0, NAME----->, ALTERNATE NAME-->, STREET ADDRESS-->, CITY----->, STATE/PROV----->, ZIP/POSTAL----->, SOC SEC/SOC INS> 000-00-0000, INDICATOR-----> 0, and SUB NUMBER-----> 0. At the bottom, the date and time "10/19/00 11:41:53 1 W3LL CIP5" are displayed, along with a status bar "SQAQTHY1 c 05/002 A".

NAME NUMBER

Enter a value from 1 to 9 identifying the Alternate Name and Address. CIPPS provides for up to 9 different Alternate Names for each employee. See the Sub Indicator field for information on how the Name Number is used in the Sub Indicator field when the employee is not a designated bond owner.

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Bond Data Entry, Continued

H0401, continued

COMPANY	Enter the agency number preceded by two zeros.
EMPLOYEE NUMBER	Enter the employee number (usually the social security number followed by two zeros).
ALTERNATE NAME	Enter the name of the individual, whom the purchaser has designated as co-owner, or beneficiary.
STREET ADDRESS, STATE/PROV, ZIP/POSTAL	Enter the address information <u>only</u> if the bond is to be mailed to an address other than the address on the employee's masterfile record.
SOC SEC/SOC INS	Enter the Social Security number of the owner, co-owner or beneficiary designated by the employee.
INDICATOR	Enter the value indicating how the employee and/or bond Alternate Name is to be used by the bond routine.

Value	Prints the...	
0	Employee name as owner. (DEFAULT)	
1	Alternate Name as...	Co-owner with the employee.
2		Beneficiary of the employee.
3		Owner.
4		Owner and the employee as beneficiary.
5		Owner and the employee as co-owner.
6		Owner and an Alternate Name
7		from another H0401 screen (designated by the value in the Sub Number field) as,
		Beneficiary Co-owner

SUB NUMBER	Enter a value from 1 to 9 identifying an Alternate Name Number (H0401 screen) containing beneficiary/co-owner data. Use Sub Numbers only in conjunction with Indicator field values of 6 or 7, which are associated only with bonds that are not owned by the employee.
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Bond Data Entry, Continued

H0ZDC, Employee Deductions

Once H0401 is complete, navigate to the employee's H0ZDC (Employee Deductions) screen to set-up the bond deduction. Access the H0ZDC and use the appropriate sub-command as discussed in CAPP Topic No. 50110, *CIPPS Navigation*.

Sna - EXTRA! Personal Client

> C 230,00101000010,068 ON H0ZDC

-----EMPLOYEE DEDUCTIONS-----

COMPANY--> 00230 EMPLOYEE NUMBER--> 00101000010
NAME-----> AMY E ECHELBERGER

NO	NAME	AMT/PCT	GOAL	UTILITY	DED WTD	DED YTD
CALC	GN	FR	PRTY	START DATE	END DATE	
54	USBONDS1	50.00	100.00	000000000000000010		
93	2 09	000	00/00/0000	00/00/0000	.00	.00
62	CVC	25.00	300.00	000000015300000000		
76	2 09	000	00/00/0000	00/00/0000	.00	.00
68	D0SAVNG2	100.00	.00	000000000100000000		
91	2 09	000	00/00/0000	00/00/0000	.00	.00
0	00	0 00	00/00/0000	00/00/0000	.00	.00

A205W-END OF LIST

09/13/04 10:08:39 1 M3LL CIDL

SNA Server: Connected T1

Start MSN Messen... Payroll - Inbo... Welcome to ... Sna - EXT... Microsoft Word

NO

Enter the appropriate three-digit deduction number.

EE Bonds	I Bonds
054, 055, 056, 057	052, 053

AMT/PCT

Enter the deduction amount to be withheld to 2 decimals.

GOAL

Enter the bond purchase amount based on the bond type. See available purchase amounts in the Overview to this topic.

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Bond Data Entry, Continued

**H0ZDC,
Employee
Deductions**

UTILITY

Enter the appropriate values in utility positions 1 and 2. Do not enter anything in fields 3-7.

Position	Description
1	A value of zero (0) indicates the deduction is an amount rather than percent.
2-16	Must contain all zeroes.
17	A value of zero (0) indicates no Bond Alternate Name Information is required. A value of 1-9 specifies the Bond Alternate Name Number to be applies.
18	Must contain a zero.

Note: Bond Balances are accumulated in positions 11-16 (DO NOT TOUCH)

CALC, GN

These fields are displayed by the system when the screen is complete and the Enter key is pressed.

FR

Enter the deduction frequency. Typically 09 (semi-monthly) for bonds.

PRTY

Do not enter information.

START DATE (OPTIONAL)

Enter the beginning date for the deduction. Enter as MM/DD/YYYY. The deduction will begin during the first payroll period when the date is less than the CTL period end date.

END DATE (OPTIONAL)

Enter the cut-off date for this deduction. Enter as MM/DD/YYYY. The deduction will end during the payroll period when the date is less than the CTL period begin date.

DED MTD DED YTD

Do not enter. Automatically updates each time the deduction is taken.

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Bond Reports

Bond Reports Descriptions of reports are provided to monitor employee bond deductions and purchases follows:

Report/Name	Description
21, Employee Within Deduction ____	Lists each employee who had this deduction withheld, the amount of the current deduction, month and year-to-date amounts, and utility field. Important verification report.
30, Series EE Bond Register as of _____	Displays employees purchasing bonds and the total number of bonds purchased by bond denomination and organization code. Prior balance, current deduction, purchase amount (if bond is purchased in period), and ending balance are shown. If an employee is purchasing a bond with the current deduction, a fictitious serial number is listed. Important verification report.
36, Series II Bond Register as of _____	Same as above for Series I bonds. Note: Certain CIPPS Series I bond reports are identified as Series "II."
U064, Series I Savings Bond Error Report	This report is issued to agencies whose savings bond information contains errors.
U066, Series EE Savings Bonds Error Report	Same as above for Series EE bonds.

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Terminations

Termination Refunds

When an employee terminates or transfers to another agency and there is a bond purchase balance in the positions 11 to 16 of the utility field, a refund must be given to the employee. On the last pay to the employee turn off the deduction and the balance will be refunded automatically to the employee. If the employee is not due any further regular pay, enter a \$.01 (one penny) transaction on Time and Attendance and the balance will automatically be refunded. A review of bond balances should be included in all termination checklists.

In order for a savings bond refund to process, the deduction frequency must be changed to "00" while processing regular pay for the employee. Pay the employee one cent (\$.01) in order to process the refund through CIPPS if the employee is not due any further regular payment.

If a system refund cannot process, contact the DOA Payroll/Benefits Accounting Unit to initiate a manual refund.

Internal Control

Internal Control

Agencies must verify that CIPPS bonds information is complete, properly authorized, and entered accurately into the system.

Records Retention

Time Period

For deduction overrides, the Input Transaction Listing, Report 1001, and the Transaction Batch Balance Summary, Report 1005, must be retained for 60 days. All other reports should be retained for five (5) years or until audited, whichever is later. Agency policy and procedures determine the retention of the related agency source documents/records. See CAPP Topic No. 21005, *Records Retention and Disposition*.

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Contacts

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Subject Cross References

References CAPP Topic No. 21005, *Records Retention and Disposition*
CAPP Topic No. 50110, *CIPPS Navigation*
